



New Cigarette Requirements

Informational Bulletin

June 2000

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Forms Order Line at:
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To:

Cigarette Distributors and Retailers

Bidi cigarettes

Beginning **January 1, 2001**, you cannot

- knowingly sell, barter, exchange, deliver, or give away a bidi cigarette to another person, or
- cause, permit, or procure a bidi cigarette to be sold, bartered, exchanged, delivered, or given away to another person.

What is a bidi cigarette?

A "bidi cigarette" contains tobacco that is wrapped in temburni or tendu leaf or any other similar material that is identified by rules of the Illinois Department of Public Health.

What are the bidi cigarette noncompliance penalties?

Any person who knowingly violates or causes violation is guilty of a petty offense for which the offender may be fined

- \$100 to \$500 — first offense
- \$250 to \$500 — second offense (within two years)
- \$500 to \$1,000 — third or subsequent offense (within two years)

New requirements

Beginning **June 13, 2000**, all cigarette distributors doing business in Illinois must follow new requirements.

Illegal sales, distribution, or importation of certain cigarettes

It is illegal to sell or distribute certain cigarettes in Illinois. This includes

- acquiring, holding, owning, possessing, or transporting for sale or distribution,
- importing, or
- causing importation

of certain cigarettes in Illinois identified as

- cigarette packages that bear any statement, label, stamp, sticker, or notice that the manufacturer did not intend for the cigarettes to be sold, distributed, or used in the United States (e.g., "For Export Only," "U.S. Tax Exempt," "For Use Outside U.S.")
- cigarette packages that do not comply with all federal laws regarding warnings and other information on packages of cigarettes manufactured, packaged, or imported for sale, distribution or use in the United States (i.e., precise warning labels identified in the federal Cigarette Labeling and Advertising Act, 15 U.S.C. 1333 and all federal trademark and copyright laws)
- cigarettes imported into the United States that violate 26 U.S.C. 5754, any other federal law or implementing regulation
- cigarettes that you know or have reason to know the manufacturer did not intend to be sold, distributed or used in the United States
- cigarettes for which a list or lists of the ingredients added to tobacco during manufacture of the cigarette as required by the federal Cigarette Label-



ing and Advertising Act, 15 U.S.C. 1335a, has not been submitted to the Secretary of the U.S. Department of Health and Human Services

It is also illegal to apply an Illinois tax stamp to any cigarette package as described above.

Illegal package alterations

It is illegal to alter cigarette packages before they are sold or distributed to the end consumer by removing, concealing, or obscuring any

- statement, label, stamp, sticker, or notice that the manufacturer did not intend the cigarettes to be sold, distributed, or used in the United States (e.g., "For Export Only," "U.S. Tax Exempt," "For Use Outside U.S.")
- health warning that is not specified in, or does not conform with the requirements of, the federal Cigarette Labeling and Advertising Act, 15 U.S.C. 1333.

It is also illegal to apply an Illinois tax stamp to any cigarette package that has been altered as described above.

What if I or my customers have an existing inventory that does not meet these requirements?

If you are a distributor and you have a cigarette inventory that was stamped before June 13, 2000, you may sell or keep these cigarettes in your inventory until July 15, 2000. You should ensure that customers (i.e., retailers, resellers) do not sell or have any cigarettes that do not comply with these requirements in their inventories after July 31, 2000.

New reporting requirements

Effective June 13, 2000, each Illinois distributor must file Form RC-25, Cigarette Importation Report, on the first business day of each month for the preceding month. The first report is due July 3, 2000. While failure to timely file any report may result in revocation or

suspension of your license or imposition of a penalty, we recognize the short time period between enactment of the requirements and the due date of the first report. As a result, we will take the short timeframe into consideration in determining what, if any, penalty should be imposed for failure to timely file the report due on July 3, 2000. This report identifies cigarettes imported into the United States on which an Illinois tax stamp was affixed. Also, the distributor must attach a

- copy of the permit issued to the person importing cigarettes into the United States under the IRC, 26 U.S.C. 5713,
- copy of the customs form that contains the IRS cigarette tax information required by the U.S. Bureau of Alcohol, Tobacco and Firearms,
- Schedule RC-25-C, Distributor's Confidential Report, that identifies the imported cigarettes, supplier, and persons to whom these cigarettes have been conveyed for resale, and
- Schedule RC-25-A, Cigarette Manufacturer/Importer Certification, that certifies the manufacturer or importer has complied with the
 - package health warning and ingredient reporting requirements of the federal Cigarette Labeling and Advertising Act, 15 U.S.C. 1333 and 1335a, and
 - provisions of Exhibit T of the Master Settlement agreement entered in the case of *People of the State of Illinois v. Philip Morris, et al.* and a statement indicating whether the manufacturer is or is not a participating tobacco manufacturer within the meaning of Exhibit T.

What cigarettes are exempt from these new requirements?

Cigarettes allowed to be imported or brought into the United States for

personal use are exempt from the new requirements. In addition, cigarettes sold or intended to be sold as duty-free merchandise by a duty-free sales enterprise under the provisions of 19 U.S.C. 1555(b) and any implementing regulations are also exempt.

What if I do not comply?

If you do not comply with the new cigarette requirements, we may revoke or suspend your cigarette distributor license and impose a civil penalty that cannot exceed the greater of 500 percent of the retail value of the cigarettes involved or \$5,000.

Cigarettes that are acquired, held, owned, possessed, transported in, sold, distributed, or imported into Illinois in violation of these new requirements will be considered contraband. Contraband cigarettes may be seized and forfeited and will be destroyed whether or not the violation was intentional.

A violation is also an unlawful practice as provided in Illinois' Consumer Fraud and Deceptive Business Practices Act.

Under the Trademark Registration and Protection Act and the Counterfeit Trademark Act, cigarettes imported or reimported into the United States for sale or distribution under any trade name, trade dress, or trademark that is the same as, or confusingly similar to, any trade name, trade dress, or trademark used for cigarettes manufactured in the United States for sale or distribution in the United States will be presumed to have been purchased outside the ordinary trade channels.

Any person may bring action for appropriate injunctive or other equitable relief for a violation of these requirements, actual damages, interest on the damages from the date of the complaint, taxable costs, and reasonable attorney's fees. If the violation is found to be flagrant, the amount of recovery may be increased to an amount not to exceed three times the actual damages sustained by the violation. ▲